

**SOUTHEAST WEBSTER-GRAND  
COMMUNITY SCHOOL DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2015**

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**SOUTHEAST WEBSTER-GRAND  
COMMUNITY SCHOOL DISTRICT**

**OFFICIALS**

<i><b>NAME</b></i>	<i><b>TITLE</b></i>	<i><b>TERM EXPIRES</b></i>
<b>Board of Education</b>		
Dustin Hector	President	2016
Dave Hainzinger	Vice President	2016
Kenneth Sanders		2016
Rob Scott		2015
Todd Lundgren		2015
Dan Hansen		2015
Bill Hinman		2016

**SCHOOL OFFICIALS**

Rich Stoffers	Superintendent	Indefinite
Karla Flickinger	Business Manager, Board Secretary	Indefinite
Rick Engel	Attorney	Indefinite

**SOUTHEAST WEBSTER-GRAND  
COMMUNITY SCHOOL DISTRICT**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of  
Southeast Webster-Grand  
Community School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Southeast Webster-Grand Community School District, Burnside, Iowa, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to on the preceding page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Southeast Webster-Grand Community School District at June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Emphasis of Matter**

As discussed in Note 12 to the financial statements, Southeast Webster-Grand Community School District adopted net accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 12 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southeast Webster-Grand Community School District's basic financial statements. We and other auditors previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 6, 2016 on our consideration of Southeast Webster-Grand Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Southeast Webster-Grand Community School District's internal control over financial reporting and compliance.

*Schnur & Company, LLP*

Fort Dodge, Iowa  
February 6, 2016



**SOUTHEAST WEBSTER-GRAND  
COMMUNITY SCHOOL DISTRICT**

## **SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Southeast Webster-Grand Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### **2015 Financial Highlights**

- General Fund revenues increased from \$6,532,894 in fiscal year 2014 to \$7,188,750 in fiscal year 2015, a 10.0% increase. General Fund expenditures increased from \$6,545,955 in fiscal 2014 to \$6,722,491 in fiscal year 2015, a 2.7% increase.
- The General Fund increased over \$450,000. Increases in tuition and state revenue were the primary factors.
- The District collected statewide sales, services and use tax during the year. These revenues were used to pay the principal and interest on revenue bonds issued in previous fiscal years to finance various building repairs and upgrades.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Southeast Webster-Grand Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Southeast Webster-Grand Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Southeast Webster-Grand Community School District acts solely as an agent or custodian for the benefit of those outside of the school district.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### **Government-wide Financial Statements**

The Government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two Government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, Capital Projects Fund, and the Debt Service Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

#### **Fund Financial Statements (Continued)**

- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Funds include the School Nutrition Fund, Eagle's Nest and Day Care.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- *Fiduciary funds* – The district is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds. The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for the fiduciary fund include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

**Figure A-1**  
**Condensed Statement of Net Position**  
**(Expressed in Thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total School District</b>		<b>Percentage Change (%)</b>
	2014		2014		2014		
	<b>2015</b>	(Not restated)	<b>2015</b>	(Not restated)	<b>2015</b>	(Not restated)	2014-2015
Current and other assets	\$ 6,957	\$ 6,417	\$ 94	\$ 80	\$ 7,051	\$ 6,497	8.53
Capital assets	4,180	4,077	2	2	4,182	4,079	2.53
<b>Total assets</b>	<b>11,137</b>	10,494	<b>96</b>	82	<b>11,233</b>	10,576	6.21
Deferred outflows of resources	455	-	23	-	478	-	N/A
Long-term liabilities	3,470	1,857	108	-	3,578	1,857	92.68
Other liabilities	1,279	868	64	132	1,343	1,000	34.30
<b>Total liabilities</b>	<b>4,749</b>	2,725	<b>172</b>	132	<b>4,921</b>	2,857	72.24
Deferred inflows of resources	3,816	3,051	41	-	3,857	3,051	26.42
Net Position:							
Net investment in capital assets	2,693	2,377	2	2	2,695	2,379	13.28
Restricted	1,506	1,536	-	-	1,506	1,536	-1.95
Unrestricted	(1,172)	805	(96)	(52)	(1,268)	753	-268.39
<b>Total net position</b>	<b>\$ 3,027</b>	\$ 4,718	<b>\$ (94)</b>	\$ (50)	<b>\$ 2,933</b>	\$ 4,668	-37.17

The District's total net position decreased 37.2%, or approximately \$1,735,000, from the prior year. The largest portion of the District's net position is invested in capital assets, (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased approximately \$30,000 over the prior year. The decrease was primarily due to expenditures exceeding revenues in the capital project funds.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$2,021,000, or 268%. This reduction in unrestricted net pension was primarily a result of the District's net pension liability net pension expense recorded in the current year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business-type activities were restated by \$2,637,943 and \$132,715, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-2 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

**Figure A-2**  
**Changes in Net Position**  
**(Expressed in Thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total School District</b>		<b>Percentage Change (%)</b>
	<b>2015</b>	<b>2014</b> (Not restated)	<b>2015</b>	<b>2014</b> (Not restated)	<b>2015</b>	<b>2014</b> (Not restated)	<b>2014-2015</b>
Revenues:							
Program revenues:							
Charges for service	\$ 982	\$ 491	\$ 350	\$ 305	\$ 1,332	\$ 796	67.34
Operating grants, contributions	924	977	224	212	1,148	1,189	-3.45
General revenues:							
Property tax	3,064	3,136	-	-	3,064	3,136	-2.30
Income surtax	162	182	-	-	162	182	-10.99
Statewide sales, service and use tax	514	489	-	-	514	489	5.11
Unrestricted state grants	2,448	2,301	-	-	2,448	2,301	6.39
Unrestricted investment earnings	3	1	-	1	3	2	50.00
Other	107	47	-	-	107	47	127.66
<b>Total revenues</b>	<b>8,204</b>	<b>7,624</b>	<b>574</b>	<b>518</b>	<b>8,778</b>	<b>8,142</b>	<b>7.81</b>
Program Expenses:							
Instruction	4,854	4,673	-	-	4,854	4,673	3.87
Student support services	1,724	1,998	-	-	1,724	1,998	-13.71
Non-instructional programs	-	-	485	532	485	532	-8.83
Other expenditures	680	564	-	-	680	564	20.57
<b>Total expenses</b>	<b>7,258</b>	<b>7,235</b>	<b>485</b>	<b>532</b>	<b>7,743</b>	<b>7,767</b>	<b>-0.31</b>
<b>Change in net position</b>	<b>946</b>	<b>389</b>	<b>89</b>	<b>(14)</b>	<b>1,035</b>	<b>375</b>	<b>176.00</b>
Net position beginning of year, as restated	2,081	4,329	(183)	(36)	1,898	4,293	-55.79
Net position end of year	\$ 3,027	\$ 4,718	\$ (94)	\$ (50)	\$ 2,933	\$ 4,668	-37.17

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

In fiscal year 2015, property tax and unrestricted state grants accounted for 67.0% of governmental activities revenue while charges for service and operating grants and contributions accounted for all of business-type activities revenue. The District's total revenue were approximately \$8.8 million, of which approximately \$8.2 million was for governmental activities and \$0.6 million was for business-type activities.

As shown in Figure A-2, the District as a whole experienced a 7.8% increase in revenues and a slight decrease in expenses. Charges for services increased approximately \$536,000 to account for the increase in revenues.

#### Governmental Activities

The following table presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

<b>Figure A-3</b>						
<b>Total and Net Cost of Governmental Activities</b>						
<b>(Expressed in Thousands)</b>						
<b>Total Cost of Services</b>			<b>Net Cost of Services</b>			
	<b>2015</b>	<b>2014</b> (Not restated)	<b>Percentage Change 2014-2015</b>		<b>2014</b> (Not restated)	<b>Percentage Change 2014-2015</b>
Instruction	\$ 4,854	\$ 4,673	3.87	\$ 3,227	\$ 3,457	-6.65
Support services	1,724	1,998	-13.71	1,676	1,966	-14.75
Other expenses	680	564	20.57	449	344	30.52
<b>Total</b>	<b>\$ 7,258</b>	<b>\$ 7,235</b>	<b>0.32</b>	<b>\$ 5,352</b>	<b>\$ 5,767</b>	<b>-7.20</b>

For the year ended June 30, 2015

- The cost financed by users of the District's programs was \$981,572. The District shared administrative personnel with Prairie Valley in fiscal year 2015.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$922,737.
- The net cost of governmental activities was financed with \$3,063,841 in property taxes and \$2,448,175 in unrestricted state grants.

#### Business-Type Activities

Revenues for business-type activities during the year ended June 30, 2015 were \$574,216 and expenses totaled \$485,248. The District's business-type activities include the School Nutrition, Eagle's Nest and Day Care Funds. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

The Nutrition Fund increased by \$51,661 from the prior year. The District has increased the cost of lunches to the maximum amount and is watching the cost of meals closely. The District's Day Care operation showed an increase of \$37,307 for the year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Southeast Webster-Grand Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,688,536, a \$391,575 increase from the beginning balance of \$2,296,961. This was primarily the result of general fund revenues exceeding expenditures during the year.

#### **Governmental Fund Highlights**

- The District's decreased Capital Projects financial position is the result of increased expenditures.
- The General Fund increased over \$450,000 in the fiscal year ending June 30, 2015.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$418,461 more than budgeted receipts, a variance of 4.8%. The most significant variance resulted from the District receiving less local funding than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. Expenditures did exceed the amount budgeted in the instruction function; however, the budget as a whole was not exceeded.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2015, the District had invested \$4.2 million net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audiovisual equipment and transportation equipment. (See Figure A-4) More detailed information about the District's capital assets can be found in Note 5 to the financial statements. Depreciation expense for the year was \$223,901.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

#### Capital Assets (Continued)

The original cost of the District's capital assets was \$8,478,692. Governmental funds account for \$8,393,605, with the remainder of \$85,087 accounted for in the Proprietary, School Nutrition Fund.

**Figure A-4**  
**Capital Assets, net of Depreciation**  
**(Expressed in Thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total School District</b>		<b>Percentage Change (%)</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2014-2015</b>
Land	\$ 9	\$ 9	\$ -	\$ -	\$ 9	\$ 9	0.0
Site improvement	435	366	-	-	435	366	18.9
Buildings	3,372	3,463	-	-	3,372	3,463	-2.6
Furniture and equipment	364	239	2	3	366	242	51.2
<b>Total</b>	<b>\$ 4,180</b>	<b>\$ 4,077</b>	<b>\$ 2</b>	<b>\$ 3</b>	<b>\$ 4,182</b>	<b>\$ 4,080</b>	<b>2.5</b>

#### Long-term Debt

At June 30, 2015, the District had \$1,487,500 of revenue bonds outstanding.

The other long-term debt remaining consists of early retirement and the net pension liability. More detailed information about long-term debt is fully described in Note 6 to the financial statements.

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The District is sharing in several areas in order to contain costs without reducing programs.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Karla Flickinger, Business Manager, Southeast Webster-Grand Community School District, 30850 Paragon Avenue, Burnside, Iowa 50521.

## **BASIC FINANCIAL STATEMENTS**

## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

Exhibit A

## STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 3,269,843	\$ 112,166	\$ 3,382,009
Receivables:			
Property tax:			
Delinquents	51,521	-	51,521
Succeeding year	2,997,968	-	2,997,968
Accounts	268,177	17,325	285,502
Income surtax	160,188	-	160,188
Due from other funds	41,916	(41,916)	-
Due from other governments	98,589	-	98,589
Inventories	-	6,987	6,987
Net OPEB asset	-	-	-
Capital assets, net of accumulated depreciation	4,180,234	1,604	4,181,838
<b>Total assets</b>	<b>11,068,436</b>	<b>96,166</b>	<b>11,164,602</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	455,130	22,899	478,029
<b>Liabilities</b>			
Accounts payable	424,728	63,695	488,423
Salaries and benefits payable	569,327	-	569,327
Advances from grantors	47,455	-	47,455
Long-term liabilities:			
Portion due within one year:			
Early retirement	24,784	-	24,784
Revenue bonds	212,500	-	212,500
Portion due after one year:			
Early retirement	48,548	-	48,548
Revenue bonds	1,275,000	-	1,275,000
Net pension liability	2,146,712	108,001	2,254,713
<b>Total liabilities</b>	<b>4,749,054</b>	<b>171,696</b>	<b>4,920,750</b>
<b>Deferred Inflows of Revenue</b>			
Unavailable property tax revenue	2,997,968	-	2,997,968
Pension related deferred inflows	818,695	41,188	859,883
<b>Total deferred inflows of resources</b>	<b>3,816,663</b>	<b>41,188</b>	<b>3,857,851</b>

(Continued on next page)

**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT****Exhibit A  
(Continued)****STATEMENT OF NET POSITION****June 30, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 2,692,734	\$ 1,604	\$ 2,694,338
Restricted for:			
Categorical funding	155,470	-	155,470
Management levy purposes	334,442	-	334,442
Student activities	25,090	-	25,090
School infrastructure	988,730	-	988,730
Physical plant and equipment	2,431	-	2,431
Unrestricted	(1,172,001)	(95,423)	(1,267,424)
<b>Total net position</b>	<b>\$ 3,026,896</b>	<b>\$ (93,819)</b>	<b>\$ 2,933,077</b>

See Notes to Financial Statements.

**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2015**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
Governmental Activities:				
Instruction:				
Regular instruction	\$ 3,357,307	\$ 709,561	\$ 474,016	\$ -
Special instruction	939,078	272,011	21,249	-
Other instruction	557,882	-	150,038	-
	4,854,267	981,572	645,303	-
Support services:				
Student	76,777	-	46,317	-
Instructional staff	181,177	-	-	-
Administration	568,438	-	-	-
Operation and maintenance of plant	471,790	-	-	-
Transportation	425,865	-	1,275	-
	1,724,047	-	47,592	-
Other expenses:				
Facilities acquisition	176,533	-	-	1,000
Long-term debt interest	50,150	-	-	-
AEA flowthrough	229,842	-	229,842	-
Depreciation (unallocated) *	223,074	-	-	-
	679,599	-	229,842	1,000
<b>Total governmental             activities</b>	7,257,913	981,572	922,737	1,000
Business-type activities:				
Non-instructional programs:				
Food service operations	336,605	164,087	224,144	-
Other enterprise operations	148,643	185,840	110	-
	485,248	349,927	224,254	-
<b>Total</b>	\$ 7,743,161	\$ 1,331,499	\$ 1,146,991	\$ 1,000

**Exhibit B**

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,173,730)	\$ -	\$ (2,173,730)
(645,818)	-	(645,818)
(407,844)	-	(407,844)
(3,227,392)	-	(3,227,392)
(30,460)	-	(30,460)
(181,177)	-	(181,177)
(568,438)	-	(568,438)
(471,790)	-	(471,790)
(424,590)	-	(424,590)
(1,676,455)	-	(1,676,455)
(175,533)	-	(175,533)
(50,150)	-	(50,150)
-	-	-
(223,074)	-	(223,074)
(448,757)	-	(448,757)
(5,352,604)	-	(5,352,604)
-	51,626	51,626
-	37,307	37,307
-	88,933	88,933
(5,352,604)	88,933	(5,263,671)

(Continued on next page)

**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2015**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
General Revenues:				
Property taxes levied for:				
General purposes				
Capital outlay				
Income surtax				
Statewide sales, services				
and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
<b>Total general revenues</b>				.
<b>Change in net position</b>				.
Net position beginning of year,				
as restated				.
Net position end of year				.

\* This amount excludes the depreciation included in the direct expenses of the various programs.

See Notes to Financial Statements.

**Exhibit B**  
**(Continued)**

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
\$ 2,883,243	\$ -	\$ 2,883,243
180,598	-	180,598
162,459	-	162,459
514,062	-	514,062
2,448,175	-	2,448,175
3,416	35	3,451
107,038	-	107,038
6,298,991	35	6,299,026
946,387	88,968	1,035,355
2,080,509	(182,787)	1,897,722
\$ 3,026,896	\$ (93,819)	\$ 2,933,077



## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

Exhibit C

**BALANCE SHEET**  
**Governmental Funds**  
**June 30, 2015**

	General Fund	Special Revenue	Capital Projects	Total
<b>Assets</b>				
Cash and pooled investments	\$ 2,000,966	\$ 358,507	\$ 910,370	\$ 3,269,843
Receivables:				
Property tax:				
Delinquent	44,092	4,390	3,039	51,521
Succeeding year	2,566,955	250,000	181,013	2,997,968
Accounts	268,177	-	-	268,177
Income surtax	160,188	-	-	160,188
Due from other funds	41,916	1,497	-	43,413
Due from other governments	18,547	-	80,042	98,589
<b>Total assets</b>	<b>\$ 5,100,841</b>	<b>\$ 614,394</b>	<b>\$ 1,174,464</b>	<b>\$ 6,889,699</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 420,805	\$ 1,633	\$ 2,290	\$ 424,728
Salaries and benefits payable	566,098	3,229	-	569,327
Due to other funds	1,497	-	-	1,497
Advances from grantors	47,455	-	-	47,455
<b>Total liabilities</b>	<b>1,035,855</b>	<b>4,862</b>	<b>2,290</b>	<b>1,043,007</b>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,566,955	250,000	181,013	2,997,968
Income surtax	160,188	-	-	160,188
<b>Total deferred inflows of resources</b>	<b>2,727,143</b>	<b>250,000</b>	<b>181,013</b>	<b>3,158,156</b>
Fund balances:				
Restricted for:				
Categorical funding	155,470	-	-	155,470
Management levy purposes	-	334,442	-	334,442
Student activities	-	25,090	-	25,090
School infrastructure	-	-	988,730	988,730
Physical plant and equipment	-	-	2,431	2,431
Unassigned	1,182,373	-	-	1,182,373
<b>Total fund balances</b>	<b>1,337,843</b>	<b>359,532</b>	<b>991,161</b>	<b>2,688,536</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,100,841</b>	<b>\$ 614,394</b>	<b>\$ 1,174,464</b>	<b>\$ 6,889,699</b>

See Notes to Financial Statements.

**Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position  
June 30, 2015**

**Total fund balances of governmental funds (page 17)** \$ 2,688,536

**Amounts reported for governmental activities in the  
Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 4,180,234

The Net OPEB asset is not receivable in the current year, and, therefore, not reported in the governmental funds. 69,047

Income surtax receivable at June 30, 2015 is not recognized as revenue until received in the governmental funds; however, it is shown as revenue in the Statement of Activities in the year of levy, thus, no deferred outflows of revenue is shown in the Statement of Net Position. 160,188

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 455,130	
Deferred inflows of resources	(818,695)	(363,565)

Long-term liabilities, including bonds and notes payable, early retirement payable and net pension liability, are not due and payable in the current year end and, therefore, are not reported in the governmental funds. (3,707,544)

**Net position of governmental activities (page 14)** \$ 3,026,896

# SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### Governmental Funds

Year Ended June 30, 2015

	General Fund	Special Revenue	Capital Projects
Revenues:			
Local sources:			
Local tax	\$ 2,779,708	\$ 260,592	\$ 180,313
Tuition	981,572	-	-
Other	97,799	53,085	6,886
State sources	3,191,281	530	514,348
Federal sources	138,390	-	-
<b>Total revenues</b>	<b>7,188,750</b>	<b>314,207</b>	<b>701,547</b>
Expenditures:			
Current:			
Instruction:			
Regular	3,383,477	140,457	-
Special	955,161	-	-
Other	562,314	14,800	-
	<b>4,900,952</b>	<b>155,257</b>	<b>-</b>
Support services:			
Student	22,101	55,433	-
Instructional staff	185,565	-	-
Administration	582,482	4,413	-
Operation and maintenance of plant	379,202	59,324	38,753
Transportation	422,347	15,091	161,960
	<b>1,591,697</b>	<b>134,261</b>	<b>200,713</b>
Other expenditures:			
Facilities acquisition	-	-	337,557
Long-term debt:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
AEA flowthrough	229,842	-	-
	<b>229,842</b>	<b>-</b>	<b>337,557</b>
<b>Total expenditures</b>	<b>6,722,491</b>	<b>289,518</b>	<b>538,270</b>

**Exhibit E**

<b>Debt Service</b>	<b>Total</b>
\$ -	\$ 3,220,613
-	981,572
-	157,770
-	3,706,159
-	138,390
-	8,204,504
-	3,523,934
-	955,161
-	577,114
-	5,056,209
-	77,534
-	185,565
-	586,895
-	477,279
-	599,398
-	1,926,671
-	337,557
212,500	212,500
50,150	50,150
-	229,842
262,650	830,049
262,650	7,812,929

(Continued on next page)

**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**Governmental Funds**

**Year Ended June 30, 2015**

	<b>General Fund</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 466,259	\$ 24,689	\$ 163,277
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(262,650)
<b>Total other financing sources (uses)</b>	-	-	(262,650)
Change in fund balances	466,259	24,689	(99,373)
Fund balances, beginning of year	871,584	334,843	1,090,534
Fund balances, end of year	\$ 1,337,843	\$ 359,532	\$ 991,161

See Notes to Financial Statements.

**Exhibit E**  
**(Continued)**

<b>Debt Service</b>		<b>Total</b>	
\$	(262,650)	\$	391,575
262,650		262,650	
-		(262,650)	
262,650		-	
-		391,575	
-		2,296,961	
\$	-	\$	2,688,536

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES -  
Governmental Funds to the Statement of Activities  
June 30, 2015**

**Change in fund balances - total governmental funds (page 20)** \$ 391,575

**Amounts reported for governmental activities in the  
Statement of Activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 326,124	
Depreciation expense	(223,074)	103,050

Income surtaxes not collected for several months after the District's fiscal year ends are not considered available revenues in the governmental funds. (203)

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 297,572

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 212,500

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	83,630	
Pension expense	(169,906)	
Other postemployment benefits	28,169	(58,107)

**Change in net position of governmental activities (page 16)** \$ 946,387

See Notes to Financial Statements.

## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

Exhibit G

**STATEMENT OF NET POSITION**  
**Proprietary Funds**  
**June 30, 2015**

	<b>School Nutrition</b>	<b>Eagle's Nest</b>	<b>Day Care</b>	<b>Total</b>
<b>Assets</b>				
Current assets:				
Cash	\$ 60,929	\$ 111	\$ 51,126	\$ 112,166
Accounts receivable	10,004	-	7,321	17,325
Inventories	6,987	-	-	6,987
Total current assets	77,920	111	58,447	136,478
Noncurrent assets:				
Capital assets, net of accumulated depreciation	1,604	-	-	1,604
<b>Total assets</b>	79,524	111	58,447	138,082
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	11,952	-	10,947	22,899
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	63,036	-	659	63,695
Due to other funds	25,000	16,916	-	41,916
Total current liabilities	88,036	16,916	659	105,611
Non-current liabilities:				
Net pension liability	56,368	-	51,633	108,001
<b>Total liabilities</b>	144,404	16,916	52,292	213,612
<b>Deferred Inflows of Resources</b>				
Pension related deferred inflows	21,497	-	19,691	41,188
<b>Net Position</b>				
Net investment in capital assets	1,604	-	-	1,604
Unrestricted	(76,029)	(16,805)	(2,589)	(95,423)
<b>Total net position</b>	\$ (74,425)	\$ (16,805)	\$ (2,589)	\$ (93,819)

See Notes to Financial Statements.





## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

Exhibit H

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

## Proprietary Funds

Year Ended June 30, 2015

	School Nutrition	Eagle's Nest	Day Care	Total
Operating revenues:				
Local sources:				
Charges for service	\$ 164,087	\$ -	\$ 185,840	\$ 349,927
Non-instructional programs:				
Salaries	90,260	-	118,325	208,585
Benefits	18,282	-	13,192	31,474
Purchased services	1,533	-	452	1,985
Supplies	225,703	-	16,674	242,377
Depreciation	827	-	-	827
Total operating expenses	336,605	-	148,643	485,248
Operating income (loss)	(172,518)	-	37,197	(135,321)
Non-operating revenues:				
Local sources	-	-	110	110
State sources	8,977	-	-	8,977
Federal sources	215,167	-	-	215,167
Interest income	35	-	-	35
Total non-operating revenues	224,179	-	110	224,289
<b>Change in fund net position</b>	51,661	-	37,307	88,968
Net position beginning of year, as restated	(126,086)	(16,805)	(39,896)	(182,787)
Net position end of year	\$ (74,425)	\$ (16,805)	\$ (2,589)	\$ (93,819)

See Notes to Financial Statements.

**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT****STATEMENT OF CASH FLOWS****Proprietary Funds****Year Ended June 30, 2015**

	<b>School Nutrition</b>	<b>Eagle's Nest</b>
Cash flows from operating activities:		
Cash received from sale of services	\$ 154,083	\$ -
Cash paid to employees for services	(111,896)	-
Cash paid to suppliers for goods or services	(233,215)	-
Net cash provided by (used in) operating activities	(191,028)	-
Cash flows from non-capital financing activities:		
Contributions received	-	-
State grants received	8,977	-
Federal grants received	195,361	-
Net cash provided by non-capital financing activities	204,338	-
Cash flows from investing activities:		
Interest on investments	35	-
Net increase in cash	13,345	-
Cash beginning of year	47,584	111
Cash end of year	\$ 60,929	\$ 111

**Exhibit I**

<b>Day Care</b>	<b>Total</b>
\$ 186,363	\$ 340,446
(136,205)	(248,101)
(17,006)	(250,221)
33,152	(157,876)
110	110
-	8,977
-	195,361
110	204,448
-	35
33,262	46,607
17,864	65,559
\$ 51,126	\$ 112,166

(Continued on next page)

**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS**

**Proprietary Funds**

**Other enterprise operations**

	<b>School Nutrition</b>	<b>Eagle's Nest</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (172,518)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Commodities used	19,806	-
Depreciation	827	-
(Increase) decrease in accounts receivable	(10,004)	-
(Increase) in inventories	(1,062)	-
Increase in accounts payable	277	-
(Decrease) in salaries and benefits payable	-	-
(Decrease) in due to other funds	(25,000)	-
Decrease in net pension liability	(21,204)	-
(Increase) in deferred outflows of resources	(3,647)	-
Increase in deferred inflows of resources	21,497	-
Net cash provided by (used in) operating activities	<u>\$ (191,028)</u>	<u>\$ -</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$19,806 of federal commodities:

See Notes to Financial Statements.

**Exhibit I**  
**(Continued)**

	<b>Day Care</b>	<b>Total</b>
\$	37,197	\$ (135,321)
	-	19,806
	-	827
	523	(9,481)
	-	(1,062)
	120	397
	(1,617)	(1,617)
	-	(25,000)
	(19,423)	(40,627)
	(3,339)	(6,986)
	19,691	41,188
\$	33,152	\$ (157,876)

**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT****Exhibit J****STATEMENT OF FIDUCIARY NET POSITION****Private Purpose Trust Fund****June 30, 2015**

	<b>Private Purpose Trust Scholarship</b>
<b>Assets</b>	
Cash and pooled investments	\$ 15,948
Total assets	<u>15,948</u>
<b>Liabilities</b>	
Accounts payable	<u>4,550</u>
<b>Net Position</b>	
Reserved for scholarships	<u>\$ 11,398</u>

See Notes to Financial Statements.

## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

Exhibit K

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## Private Purpose Trust Fund

Year Ended June 30, 2015

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 5,090
Interest income	8
<b>Total additions</b>	<u>5,098</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>4,550</u>
<b>Change in net position</b>	548
Net position beginning of year	<u>10,850</u>
Net position end of year	<u><u>\$ 11,398</u></u>

See Notes to Financial Statements.





## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 1. Summary of Significant Accounting Policies

Southeast Webster-Grand Community School District (“District”) is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the cities of Boxholm, Pilot Mound, Burnside, Harcourt, Lehigh and Dayton, Iowa and the predominate agricultural territory in Webster and Boone Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District’s financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity:

For financial reporting purposes, Southeast Webster-Grand Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

**Jointly Governed Organization:** The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Webster and Boone County Assessor’s Conference Boards.

#### B. Basis of Presentation:

**Government-wide financial statements:** The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District’s nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

## NOTES TO FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation (continued):

##### **Government-wide financial statements (continued):**

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

**Fund financial statements:** Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Special Revenue and Capital Projects Funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The Special Revenue Fund is utilized for the payment of insurance, unemployment and early retirement benefits. In addition, the fund accounts for extracurricular activities conducted on behalf of the students.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of principal and interest on the District's general long-term debt.

The District reports the following major proprietary funds:

The District's major proprietary funds are the School Nutrition, Eagle's Nest and Day Care Funds. These funds are used to account for the food service, student run business and day care operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Measurement Focus and Basis of Accounting:

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity:

The following accounting policies are followed in preparing the financial statements:

**Cash and pooled investments:** The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

**Property tax receivable:** Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

**Due from other governments:** Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

**Inventories:** Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity: (continued):

**Capital assets:** Capital assets, which include property and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<b>Asset Class</b>	<b>Amount</b>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

**Deferred outflows of resources:** Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

**Salaries and benefits payable:** Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**Advances from grantors:** Grant proceeds which have been received by the District, but will be spent in a succeeding fiscal year.

**Long-term liabilities:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity: (continued):

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred inflows of resources:** Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

**Fund equity:** In the governmental fund financial statements, fund balances are classified as follows:

*Restricted* - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

*Unassigned* - All amounts not included in the preceding classification.

#### E. Budgets and Budgetary Accounting:

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amended amount budgeted in the instruction function.

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

### Note 3. Due From and Due To Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable fund	Payable fund	Amount
General	Proprietary - School Nutrition	\$ 25,000
General	Proprietary - Eagles Nest	16,916
Special Revenue - Management Levy	General	1,497
		<u>\$ 43,413</u>

The School Nutrition Fund is repaying the General Fund for advances made to offset operating deficits in prior years. The balance is to be repaid by June 30, 2016. The Eagles Nest fund was established to sell school apparel but is no longer active. Repayment options will have to be addressed with Iowa School Budget Review Committee. The balance due from the Management Levy fund to the General Fund is to be repaid by June 30, 2016.

### Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service Fund	Capital Projects - Statewide Sales, Services and Use Tax	<u>\$ 262,650</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.



## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,000	\$ -	\$ -	\$ 9,000
<b>Total capital assets not being depreciated</b>	<b>9,000</b>	<b>-</b>	<b>-</b>	<b>9,000</b>
Capital assets being depreciated:				
Site improvements	785,398	96,603	-	882,001
Buildings	5,381,299	-	-	5,381,299
Furniture and equipment	1,891,784	229,521	-	2,121,305
<b>Total capital assets being depreciated</b>	<b>8,058,481</b>	<b>326,124</b>	<b>-</b>	<b>8,384,605</b>
Less accumulated depreciation for:				
Site improvements	419,099	27,828	-	446,927
Buildings	1,918,298	90,932	-	2,009,230
Furniture and equipment	1,652,900	104,314	-	1,757,214
<b>Total accumulated depreciation</b>	<b>3,990,297</b>	<b>223,074</b>	<b>-</b>	<b>4,213,371</b>
Total capital assets being depreciated, net	4,068,184	103,050	-	4,171,234
Governmental activities capital assets, net	\$ 4,077,184	\$ 103,050	\$ -	\$ 4,180,234
<b>Business-type activities:</b>				
Furniture and equipment	\$ 85,087	\$ -	\$ -	\$ 85,087
Less accumulated depreciation	82,656	827	-	83,483
Business-type activities capital assets, net	\$ 2,431	\$ (827)	\$ -	\$ 1,604

Depreciation expense was charged to the following functions:

Governmental activities:	
Unallocated	\$ 223,074
Business-type activities:	
Food service operations	\$ 827

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 1,700,000	\$ -	\$ 212,500	\$ 1,487,500	\$ 212,500
Early retirement	156,962	-	83,630	73,332	24,784
Net pension liability	2,954,242	-	807,530	2,146,712	-
	<u>\$ 4,811,204</u>	<u>\$ -</u>	<u>\$ 1,103,660</u>	<u>\$ 3,707,544</u>	<u>\$ 237,284</u>
Business type activities:	<u>\$ 148,628</u>	<u>\$ -</u>	<u>\$ 40,627</u>	<u>\$ 108,001</u>	<u>\$ -</u>

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Bond Issue of July 13, 2012				
Year Ending June 30,	Interest Rate (%)	Principal	Interest	Total
2016	2.95%	\$ 212,500	\$ 47,016	\$ 259,516
2017	2.95%	212,500	40,747	253,247
2018	2.95%	212,500	34,478	246,978
2019	2.95%	212,500	28,211	240,711
2020	2.95%	212,500	21,941	234,441
Thereafter	2.95%	425,000	28,207	453,207
		<u>\$ 1,487,500</u>	<u>\$ 200,600</u>	<u>\$ 1,688,100</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,125,000 of bonds issued in July 2012. The bonds were issued for the purpose of financing a portion of the costs of a new HVAC system. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2022. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$1,688,100. For the current year, principal and interest of \$262,650 was paid on the bonds, and total statewide sales, services and use tax revenues were \$514,063.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 6. Long-term Liabilities (Continued)**

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) An amount equal to accrued interest of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying the first payment of interest.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did not comply with all of the revenue bond provisions during the year ended June 30, 2015. The required reserve account was not established by the District and no transfers were made to the sinking account.

### **Note 7. Pension Plan**

**Plan Description:** IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits:** A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 20, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Pension Plan (Continued)

**Pension Benefits (continued):** If a member retired before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits:** A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions:** Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$312,543.

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Pension Plan (Continued)

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At June 30, 2015, the District reported a liability of \$2,146,712 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.056852 percent, which was an increase of 0.002811 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$178,452. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,504	\$ -
Changes of assumptions	99,506	-
Net difference between projected and annual earnings on pension plan investments	-	859,883
Changes in proportion and differences between District contributions and proportionate share of contributions	41,476	-
District contributions subsequent to the measurement date	312,543	-
<b>Total</b>	<b>\$ 478,029</b>	<b>\$ 859,883</b>

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Pension Plan (Continued)

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued):** \$312,543 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	
2016	\$ (176,306)
2017	(176,306)
2018	(176,306)
2019	(176,305)
2020	10,826
<b>Total</b>	<b>\$ (694,397)</b>

There were no non-employer contributing entities at IPERS.

**Actuarial Assumptions:** The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increases (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Pension Plan (Continued)

**Actuarial Assumptions (continued):** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	(0.69)
	<u>100%</u>	

**Discount Rate:** The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	<u>\$ 4,620,217</u>	<u>\$ 2,254,713</u>	<u>\$ 561,860</u>

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org)

**Payables to the Pension Plan:** At June 30, 2015, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Other Postemployment Benefits (OPEB)

**Plan Description:** The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 57 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

**Funding Policy:** The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation:** The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 10,194
Interest on net OPEB obligation	696
Adjustment to annual required contribution	(659)
Annual OPEB cost	<u>10,231</u>
Contributions made	<u>(38,400)</u>
Decrease in net OPEB obligation	(28,169)
Net OPEB asset beginning of year	<u>(40,878)</u>
Net OPEB asset end of year	<u><u>\$ (69,047)</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$38,400 to the medical plan.



## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Other Postemployment Benefits (OPEB) (Continued)

**Annual OPEB Cost and Net OPEB Obligation (continued):** The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2013	\$ 10,231	375.3%	\$ (12,709)
June 30, 2014	10,231	375.3%	(40,878)
<b>June 30, 2015</b>	<b>10,231</b>	<b>375.3%</b>	<b>(69,047)</b>

**Funded Status and Funding Progress:** As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$85,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$85,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,815,000, and the ratio of the UAAL to covered payroll was 3.0%. As of June 30, 2015, there were no trust fund assets.

**Actuarial Methods and Assumptions:** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 5.0% discount rate based on the District's funding policy. The projected annual medical trend rate is 3.0%. An inflation rate of 0.0% is assumed for the purpose of this computation.

Mortality rates are from the Life Expectancy Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the GASB 45 Table I Paragraph 35(b) as of June 30, 2007 and applying the termination factors used in the GASB 45 Table I Paragraph 35(b) as of June 30, 2008.

Projected claim costs of the medical plan are \$824 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 9. Leases**

The District leases office equipment under an operating lease that requires monthly payments of \$2,328, expiring in March 2018. The following is a schedule of minimum future lease payments under the operating lease as of June 30, 2015:

<b>Year Ended June 30,</b>		
2016	\$	27,933
2017		27,933
2018		20,950
2019		-
2020		-
	\$	<u>76,816</u>

Total lease expense for the year ended June 30, 2015 totaled \$30,973.

### **Note 10. Risk Management**

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **Note 11. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$229,842 for year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources that arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities and business-type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after measurement date, as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Net position, June 30, 2014, as previously reported	\$ 4,718,452	\$ (50,072)
Net pension liability at June 30, 2014	(2,954,242)	(148,628)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	316,299	15,913
Net position July 1, 2014, as restated	<u>\$ 2,080,509</u>	<u>\$ (182,787)</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**



**SOUTHEAST WEBSTER-GRAND  
COMMUNITY SCHOOL DISTRICT**

# SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

## BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES - BUDGET AND ACTUAL -- ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

Required Supplementary Information

Year Ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenues:			
Local sources	\$ 4,359,955	\$ 350,072	\$ 4,710,027
Intermediate sources	-	-	-
State sources	3,706,159	8,977	3,715,136
Federal sources	138,390	215,167	353,557
<b>Total revenues</b>	<b>8,204,504</b>	<b>574,216</b>	<b>8,778,720</b>
Expenditures/Expenses:			
Instruction	5,056,209	-	5,056,209
Support services	1,926,671	-	1,926,671
Non-instructional programs	-	485,248	485,248
Other expenditures	830,049	-	830,049
<b>Total expenditures/expenses</b>	<b>7,812,929</b>	<b>485,248</b>	<b>8,298,177</b>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<b>391,575</b>	<b>88,968</b>	<b>480,543</b>
Other financing sources, net	-	-	-
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses</b>	<b>391,575</b>	<b>88,968</b>	<b>480,543</b>
Balance, beginning of year	2,296,961	(182,787)	2,114,174
Balance, end of year	<b>\$ 2,688,536</b>	<b>\$ (93,819)</b>	<b>\$ 2,594,717</b>

See accompanying independent auditor's report.

**Budgeted Amounts**

<b>Original</b>		<b>Final</b>		<b>Final to Actual Variance</b>
\$	4,674,681	\$	4,674,681	\$ 35,346
	10,000		10,000	(10,000)
	3,280,393		3,280,393	434,743
	395,185		395,185	(41,628)
	8,360,259		8,360,259	418,461
	4,903,000		4,903,000	(153,209)
	2,248,370		2,248,370	321,699
	520,000		520,000	34,752
	617,788		917,788	87,739
	8,289,158		8,589,158	290,981
	71,101		(228,899)	709,442
	-		-	-
	71,101		(228,899)	709,442
	1,332,115		1,332,115	782,059
\$	1,403,216	\$	1,103,216	\$ 1,491,501





**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**  
**June 30, 2015**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING**

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This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$300,000.

During the year ended June 30, 2015, expenditures in the instruction function exceeded the amount budgeted.



**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**Iowa Public Employees' Retirement System**

**Last Fiscal Year \***

**(In Thousands)**

**Required Supplementary Information**

	<b>2015</b>
District's proportion of the net pension liability	0.056852%
District's proportionate share of the net pension liability	\$ 2,255
District's covered-employee payroll	\$ 3,274
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.88%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

NOTE: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the District will present information for those years for which information is available.

**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**Iowa Public Employees' Retirement System**

**Last Ten Fiscal Years \***

**(In Thousands)**

**Required Supplementary Information**

	<b>2015</b>	2014	2013	2012
Statutorily required contribution	\$ <b>312</b>	\$ 292	\$ 287	\$ 285
Contributions in relation to the statutorily required contribution	<b>(312)</b>	(292)	(287)	(285)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ <b>3,494</b>	\$ 3,270	\$ 3,310	\$ 3,532
Contributions as a percentage of covered-employee payroll	<b>8.93%</b>	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

2011		2010		2009		2008		2007		2006	
\$	245	\$	254	\$	243	\$	223	\$	206	\$	175
	(245)		(254)		(243)		(223)		(206)		(175)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	3,525	\$	3,820	\$	3,827	\$	3,686	\$	3,583	\$	3,043
	6.95%		6.65%		6.35%		6.05%		5.75%		5.75%



**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**  
**Year ended June 30, 2015**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY**

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*Changes of benefit terms:*

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.





**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN**

**Required Supplementary Information**

**(Expressed in thousands)**

<b>Year Ended June 30,</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b) %</b>	<b>Covered Payroll (c )</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c) %</b>
2010	July 1, 2009	\$ -	\$ 621	\$ 621	0.00%	\$ 3,987	15.6%
2011	July 1, 2009	-	621	621	0.00%	3,682	16.9%
2012	July 1, 2009	-	621	621	0.00%	3,601	17.2%
2013	July 1, 2012	-	85	85	0.00%	3,809	2.2%
2014	July 1, 2012	-	85	85	0.00%	3,831	2.2%
<b>2015</b>	<b>July 1, 2012</b>	<b>-</b>	<b>85</b>	<b>85</b>	<b>0.00%</b>	<b>2,815</b>	<b>3.0%</b>

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB (asset) obligation, funded status, and funding progress.

See accompanying independent auditor's report.



## **SUPPLEMENTARY INFORMATION**



## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL

Schedule 1

**COMBINING BALANCE SHEET**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	<b>Special Revenue</b>		
	<b>Management Levy</b>	<b>Student Activity</b>	<b>Total</b>
<b>Assets</b>			
Cash and pooled investments	\$ 333,417	\$ 25,090	\$ 358,507
Receivables:			
Property tax:			
Delinquent	4,390	-	4,390
Succeeding year	250,000	-	250,000
Due from other funds	1,497	-	1,497
<b>Total assets</b>	<b>\$ 589,304</b>	<b>\$ 25,090</b>	<b>\$ 614,394</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1,633	\$ -	\$ 1,633
Salaries and benefits payable	3,229	-	3,229
<b>Total liabilities</b>	<b>4,862</b>	<b>-</b>	<b>4,862</b>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	250,000	-	250,000
<b>Total deferred inflows of resources</b>	<b>250,000</b>	<b>-</b>	<b>250,000</b>
Fund balances:			
Restricted for:			
Management levy purposes	334,442	-	334,442
Student activities	-	25,090	25,090
<b>Total fund balances</b>	<b>334,442</b>	<b>25,090</b>	<b>359,532</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 589,304</b>	<b>\$ 25,090</b>	<b>\$ 614,394</b>

See accompanying independent auditor's report.

## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

## Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 260,592	\$ -	\$ 260,592
Other	6,768	46,317	53,085
State sources	530	-	530
<b>Total revenues</b>	<b>267,890</b>	<b>46,317</b>	<b>314,207</b>
Expenditures:			
Current:			
Instruction:			
Regular	140,457	-	140,457
Other	-	14,800	14,800
Support services:			
Student	-	55,433	55,433
Administration	4,413	-	4,413
Operation and maintenance of plant	59,324	-	59,324
Transportation	15,091	-	15,091
<b>Total expenditures</b>	<b>219,285</b>	<b>70,233</b>	<b>289,518</b>
<b>Change in fund balances</b>	<b>48,605</b>	<b>(23,916)</b>	<b>24,689</b>
Fund balances beginning of year	285,837	49,006	334,843
Fund balances end of year	<u>\$ 334,442</u>	<u>\$ 25,090</u>	<u>\$ 359,532</u>

See accompanying independent auditor's report.

## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
Year Ended June 30, 2015

	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Intrafund Transfers	Balance End of Year
All HS Athletics	\$ 3,549	\$ 54	\$ 277	\$ -	\$ 3,326
HS Uniforms	1,101	195	-	-	1,296
HS Football	10,167	-	1,857	-	8,310
HS Basketball	3,474	-	(46)	-	3,520
HS Track/Cross Country	1,570	-	5,665	-	(4,095)
HS Golf	(2,270)	-	-	-	(2,270)
HS Baseball/Softball	(1,590)	6,462	9,573	-	(4,701)
HS Volleyball	1,883	-	1,058	-	825
HS Wrestling	5,077	852	674	-	5,255
Class of 2011	327	-	-	-	327
Class of 2014	691	-	-	-	691
Class of 2012	17	-	-	-	17
Class of 2013	(633)	-	-	-	(633)
Class of 2015	2,327	-	-	-	2,327
All JH Athletics	3,313	1,420	1,848	-	2,885
JH Football	295	3,214	6,001	-	(2,492)
JH Volleyball	564	1,167	846	-	885
JH Basketball	(244)	3,109	9,138	-	(6,273)
JH Track	1,081	1,799	6,927	-	(4,047)
JH Baseball/Softball	(2,756)	-	4,921	-	(7,677)
Pictures	1,338	-	-	-	1,338
Project Graduation	367	-	367	-	-
HS Activities	70	-	-	-	70
JH Band Club	2,778	842	506	-	3,114
HS Band Club	1,650	-	26	-	1,624
Speech Club	(192)	-	-	-	(192)
JH Vocal Club	194	-	-	-	194
SH Vocal Club	508	-	-	-	508
HS Music Trip	2,662	-	-	-	2,662
National Honor Society	1,887	70	-	-	1,957
DECA	525	-	-	-	525
Operation Angel Tree	1,320	2,404	2,267	-	1,457
Industrial Tech Club	5	-	-	-	5
HS Cheerleading	1,010	3,166	2,257	-	1,919
Youth Softball	590	-	-	-	590
FCA	181	-	-	-	181
JH Student Council	3,078	21,563	16,053	-	8,588
SH Student Council	3,092	-	18	-	3,074
<b>Total</b>	<b>\$ 49,006</b>	<b>\$ 46,317</b>	<b>\$ 70,233</b>	<b>\$ -</b>	<b>\$ 25,090</b>

See accompanying independent auditor's report.



## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

Schedule 4

Combining Balance Sheet  
Capital Project Accounts  
June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 908,688	\$ 1,682	\$ 910,370
Receivables:			
Property tax:			
Delinquent	-	3,039	3,039
Succeeding year	-	181,013	181,013
Due from other governments	80,042	-	80,042
<b>Total assets</b>	<u>\$ 988,730</u>	<u>\$ 185,734</u>	<u>\$ 1,174,464</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	-	2,290	2,290
<b>Total liabilities</b>	<u>-</u>	<u>2,290</u>	<u>2,290</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	181,013	181,013
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>181,013</u>	<u>181,013</u>
Fund balances:			
Restricted for:			
School infrastructure	988,730	-	988,730
Physical plant and equipment	-	2,431	2,431
<b>Total fund balances</b>	<u>988,730</u>	<u>2,431</u>	<u>991,161</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 988,730</u>	<u>\$ 185,734</u>	<u>\$ 1,174,464</u>

See accompanying independent auditor's report.

## SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

Schedule 5

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Project Accounts**  
**Year Ended June 30, 2015**

	<b>Capital Projects</b>		
	<b>State wide</b>	<b>Physical Plant</b>	
	<b>Sales, Services</b>	<b>and Equipment</b>	
	<b>and Use Tax</b>	<b>Levy</b>	<b>Total</b>
Revenues:			
Local sources:			
Local tax	\$ -	\$ 180,313	\$ 180,313
Other	5,789	1,097	6,886
State sources	514,063	285	514,348
<b>Total revenues</b>	<b>519,852</b>	<b>181,695</b>	<b>701,547</b>
Expenditures:			
Support services:			
Operation and maintenance of plant	-	38,753	38,753
Transportation	-	161,960	161,960
Other expenditures:			
Facilities acquisition	2,950	334,607	337,557
<b>Total expenditures</b>	<b>2,950</b>	<b>535,320</b>	<b>538,270</b>
<b>Excess (deficiency) of revenues</b>			
<b>over (under) expenditures</b>	<b>516,902</b>	<b>(353,625)</b>	<b>163,277</b>
Other financing (uses):			
Transfers out	(262,650)	-	(262,650)
<b>Total other financing (uses)</b>	<b>(262,650)</b>	<b>-</b>	<b>(262,650)</b>
<b>Change in fund balances</b>	<b>254,252</b>	<b>(353,625)</b>	<b>(99,373)</b>
Fund balances beginning of year	734,478	356,056	1,090,534
Fund balances end of year	\$ 988,730	\$ 2,431	\$ 991,161

See accompanying independent auditor's report.

# SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT

## Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds For the Last Ten Years

	2015	2014	2013	Modified 2012
Revenues:				
Local sources:				
Local tax	\$ 3,220,613	\$ 3,296,117	\$ 3,564,967	\$ 3,552,828
Tuition	981,572	351,722	373,715	391,682
Other	157,770	194,158	367,174	317,315
Intermediate sources	-	-	7,000	-
State sources	3,706,159	3,506,610	2,902,257	2,914,589
Federal sources	138,390	254,353	275,353	490,948
<b>Total revenues</b>	<b>\$ 8,204,504</b>	<b>\$ 7,602,960</b>	<b>\$ 7,490,466</b>	<b>\$ 7,667,362</b>
Expenditures:				
Instruction	\$ 5,056,209	\$ 4,630,715	\$ 4,519,634	\$ 4,370,085
Support services:				
Student	77,534	113,979	33,746	28,038
Instructional staff	185,565	176,926	133,334	145,035
Administration	586,895	576,849	585,027	619,713
Operation and maintenance of plant	477,279	567,949	499,866	454,549
Transportation	599,398	500,295	493,862	470,872
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	337,557	302,697	1,061,804	1,675,845
Long-term debt:				
Principal	212,500	212,500	212,500	-
Interest and other charges	50,150	56,419	32,040	-
AEA flowthrough	229,842	219,998	213,619	209,787
<b>Total expenditures</b>	<b>\$ 7,812,929</b>	<b>\$ 7,358,327</b>	<b>\$ 7,785,432</b>	<b>\$ 7,973,924</b>

See accompanying independent auditor's report.

**Schedule 6**

**Accrual Basis**

2011	2010	2009	2008	2007	2006
\$ 3,365,628	\$ 3,068,583	\$ 2,833,006	\$ 2,401,462	\$ 2,264,305	\$ 2,071,352
366,471	331,981	374,769	314,084	357,758	295,199
265,348	225,119	254,428	198,008	326,633	248,001
-	-	-	-	-	-
2,813,745	2,591,058	3,202,679	3,234,267	3,082,963	3,062,893
527,975	652,939	255,533	373,368	303,399	510,867
\$ 7,339,167	\$ 6,869,680	\$ 6,920,415	\$ 6,521,189	\$ 6,335,058	\$ 6,188,312
\$ 4,582,668	\$ 4,590,477	\$ 4,496,567	\$ 4,446,653	\$ 4,359,746	\$ 3,995,352
24,997	17,894	9,843	6,128	26,630	36,981
237,992	182,197	197,949	177,817	209,938	164,999
549,939	595,997	687,679	658,098	626,222	613,337
490,502	453,286	431,916	518,133	546,018	604,802
523,949	557,572	504,576	499,637	475,786	398,041
-	-	26,415	5,597	6,970	2,593
260,835	287,871	286,563	135,987	485,837	151,967
-	160,000	80,000	500,000	215,000	130,000
-	4,217	8,768	37,630	44,098	41,928
235,946	233,982	215,899	211,810	201,135	193,945
\$ 6,906,828	\$ 7,083,493	\$ 6,946,175	\$ 7,197,490	\$ 7,197,380	\$ 6,333,945





**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of  
Southeast Webster-Grand  
Community School District

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Southeast Webster-Grand Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 6, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southeast Webster-Grand Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Webster-Grand Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Southeast Webster-Grand Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southeast Webster-Grand Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **Southeast Webster-Grand Community School District's Responses to Findings**

Southeast Webster-Grand Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Southeast Webster-Grand Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Schnur & Company, LLP*

Fort Dodge, Iowa  
February 6, 2016





**SOUTHEAST WEBSTER-GRAND COMMUNITY SCHOOL DISTRICT**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

**Part I: Summary of Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**Internal Control Deficiencies:**

II-A-15 Segregation of Duties – The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition, but it is important the District officials are aware that the condition exists.

Recommendation – We realize that with a limited number of office employees segregation of duties is difficult. However, the District should review its control procedures and investigate methods to increase monitoring activities to obtain the maximum internal control possible under the circumstances.

District Response – The District will continue to review and implement additional controls where possible.

Conclusion – Response accepted.

**Instances of Noncompliance:**

No matters were reported.

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2015**

**Part III: Other Findings Related To Required Statutory Reporting:**

III-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 exceeded the amended certified budget amount in the instruction function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

III-B-15 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-C-15 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

III-D-15 Business Transactions – No business transactions between the District and District officials or employees were noted.

III-E-15 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

III-F-15 Board Minutes – We noted no transactions requiring Board approval that had not been approved by the Board.

III-G-15 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

III-H-15 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Department of Education were noted.

III-I-15 Deposits and Investments – We noted an instance of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa.

Recommendation – Chapter 12C of the Code of Iowa requires the depository resolution not only list the depository, but also specify that maximum amount that may be kept on deposit in each depository. The maximum amount held at one depository exceeded the amount authorized by the Board. The Board should review the depository resolution and make appropriate adjustments.

Response – The Board will adopt a new resolution.

Conclusion – Response accepted.

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2015**

**Part III: Other Findings Related To Required Statutory Reporting (Continued):**

- III-J-15      Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- III-K-15      Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- III-L-15      Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable use of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 734,478
Revenue/transfers in:		
Sales tax revenues	\$ 514,063	
Other local revenues	5,789	519,852
		<u>1,254,330</u>
Expenditures/transfers out:		
School infrastructure construction	2,950	
Transfers to other funds:		
Debt service fund	262,650	265,600
		<u>265,600</u>
Ending balance		<u>\$ 988,730</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- III-M-15      Deficit Balances – Nine student activity accounts had deficit balances at June 30, 2015. In addition, the School Nutrition, Eagle's Nest and Day Care (Enterprise Funds) also have deficit balances.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2015**

**Part III: Other Findings Related To Required Statutory Reporting (Continued):**

III-N-15     Revenue Bonds – The District has not established the reserve account required by the revenue bond resolution.

Recommendation – The District should establish the reserve account in the amount required and make the monthly transfers to the sinking account as required by the bond resolution.

Response – We will establish a reserve account and begin making transfers to a sinking account.

Conclusion – Response accepted.

